



Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

May 16, 2001

TO: School District Administrators

FROM: Gerri Ogle, Associate Commissioner, Administrative and Financial Services
Dale Carlson, Director, School Finance
Gary Dixon, Director, School Governance

RE: May Financial Information

Enclosures

The following documents are included in this envelope if applicable to your district:

- Payment Sheets
- Basic Formula Calculation
- Transportation Memo
- Students Eligible for Free or Reduced Lunch-Edit Form
- 2000-01 Audit Schedule of Selected Statistics
- 2000-01 Web-based ASBR Demonstration Workshop Announcement

Prior Year (1999-2000) Proration Factor - Basic Formula Adjustment

Each year the prior year apportionment is recalculated from November through the following June. Therefore, the amount per eligible pupil (EP) for 1999-2000 will be recalculated each month from November, 2000 through June, 2001. There will likely be prior year corrections in each of the remaining months of the 2000-01 payment year due to continued data corrections causing a change in the 1999-2000 Line 1B proration factor. Only districts with 1999-2000 Basic Formula tax rates greater than \$2.75 are affected by the Line 1B proration factor. A detailed explanation for the prior year apportionment recalculation was provided in the November, 2000, memorandum. The 1999-2000 Line 1B proration factor has decreased from the June, 2000 factor as follows:

	PRORATION FACTOR	
	<u>Line 1A</u>	<u>Line 1B</u>
June, 2000 Calculation of the 1999-2000 Basic Formula:	1.00000000	1.00000000
Recalculation of the 1999-2000 Basic Formula:		
November, 2000	1.00000000	0.97568629
December, 2000	1.00000000	0.97506592
January, 2001	1.00000000	0.97502131
February, 2001	1.00000000	0.97503911
March, 2001	1.00000000	0.97403295
April, 2001	1.00000000	0.97391689
May, 2001	1.00000000	0.97385229

Current Year (2000-01) Proration Factor

The proration factor used on Line 1 in the May, 2001 Basic Formula calculation was 1.00. **While this factor may change every month, it is not expected to decrease below 1.00000000 through June, 2001.**

2000-01 Basic Formula Calculation:	PRORATION FACTOR	
	<u>Line 1A</u>	<u>Line 1B</u>
November, 2000	1.00000000	1.00000000
December, 2000	1.00000000	1.00000000
January, 2001	1.00000000	1.00000000
February, 2001	1.00000000	1.00000000
March, 2001	1.00000000	1.00000000
April, 2001	1.00000000	1.00000000
May, 2001	1.00000000	1.00000000

Students Eligible for Free or Reduced Lunch-Edit Form

The February 2001 Core Data cycle included the collection on Screen 15 of the students documented through the application process and/or through the direct certification process as being eligible for free or reduced price lunch. Enclosed is the Students Eligible for Free or Reduced Lunch-Edit Form. Please review and follow the instructions on the form. Return the signed form with any needed revisions to School Finance by **May 31, 2001**. The criteria for each type of free or reduced price eligible student count are:

Federal Programs Head Count of Free or Reduced Lunch Eligible Students

- * Report the head count taken on January 31, 2001 of children ages 5-17 inclusive (as of October 1, 2000) who reside in the district, whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process) and who do not attend a private or parochial school.
- * Report students on a head count basis. (Both part-time and full-time students are counted as 1 in the head count process.)
- * Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
- * Students are reported by their county of residence. (Desegregation students are counted by the district in which the student resides.)

SB 380 FTE Resident Free or Reduced Lunch Eligible Students

- * Report the full-time equivalency count of resident students enrolled in grades K-12 on January 31, 2001 and in attendance one of the 10 preceding school days whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process). (Desegregation students are considered residents of the district in which the students are educated.)
- * Report eligible students on a full-time equivalency (FTE) basis. A student attending one-half day is counted as .5, one-fourth day as .25, etc.
- * Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
- * Nonresident students are to be counted by the district which pays the tuition for those students and are reported as "Resident II Students".
- * Do not count students for whom the Department does not distribute state aid. (Students in preschool, the Parents as Teachers Program or state schools are not counted for state aid purposes.)

National School Lunch Count of Free or Reduced Lunch Eligible Students

- * Report on the monthly lunch claim for food service reimbursement the highest number of students eligible for free or reduced price lunch during the month being reported.
- * Report students on a head count basis. (Both part-time and full-time students are counted as 1 in the head count.)
- * Eligible students are those eligible for free or reduced price meals that have access to the lunch program. This eligibility would include PK students and students up to age 21 that are enrolled in a high school grade and are allowed access to the lunch program.
- * Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
- * Students are reported by the district in which they are educated.

2000-01 Web-based ASBR Demonstration Workshop Announcement

Please review the enclosed one-page announcement of a demonstration workshop the School Finance Section will conduct on the 2000-01 Annual Secretary of the Board (ASBR) web based collection tool. This workshop will be conducted at various locations throughout the state the week of June 4 - 7, 2001. A staff person from School Finance will demonstrate the use of the reporting tool and respond to questions. This is not a hands-on session for the attendees.

2000-01 Proposition C Sales Tax Payment

The DESE's 2000-01 budget reflects projected Proposition C revenue at \$675,000,000. The November projection for the FY01 Proposition C payment per eligible pupil (EP) was \$780 (\$675,000,000 ÷ 865,000 estimated 1999-2000 EP). Through May, 2001, \$592,571,078 have been distributed and the cumulative amount per EP is \$696.54. While the amount to distribute in June is not yet available, it appears that the total revenue for FY01 will be less than \$675,000,000. To date the revenue has increased from the prior year by approximately 2.5%. If this growth rate holds for June, the total for the year will be approximately \$660,000,000. Likewise, the FY01 Proposition C payment EP has stabilized at approximately 851,000. **Using projected revenue of \$660,000,000 and a payment EP of 855,000 (allowing for corrections that might be made in May), a revised FY01 Proposition C estimate is \$772 per EP.** The final revenue and final 1999-00 EP (data corrections continue to be submitted) will affect this number. Be as conservative or optimistic as you choose.

2000-01 Fair Share Payment

The DESE's 2000-01 budget reflects projected Fair Share revenue of \$24,300,000. The November projection for the FY01 Fair Share payment per average daily attendance (ADA) was \$28.72 (\$24,300,000 ÷ 846,000 estimated 1999-2000 ADA). Through May, 2001, \$21,529,605 have been distributed and the cumulative amount per ADA is \$25.76. While the amount to distribute in June is not yet available, it appears that the total revenue for FY01 will be less than \$24,300,000. To date the revenue has increased from the prior year by approximately 0.32%. If this growth rate holds for June, the total for the year will be approximately \$23,574,000. Likewise, the FY01 Fair Share payment ADA has stabilized at approximately 836,000. **Using projected revenue of \$23,574,000 and a payment ADA of 840,000 (allowing for corrections that might be made in May), a revised FY01 Fair Share estimate is \$28.06 per ADA.** The final revenue and final 1999-00 ADA (data corrections continue to be submitted) will affect this number. Be as conservative or optimistic as you choose.

2001-02 Proposition C Sales Tax Payment Projection

The 2001-02 budget reflects projected Proposition C revenue at \$700,435,389. However, this represents a 5.77% increase over the likely \$660,000,000 revenue for FY01 (described in the earlier paragraph). Therefore, a more conservative projection of FY02 Proposition C revenue is \$676,500,000 (\$660,000,000 x 1.025). The 2001-02 payment eligible pupils (EP) for Proposition C was earlier estimated at 887,000. The revised payment EP estimate is 875,000. **The revised 2001-02 estimated Proposition C payment is \$773 per EP (\$676,000,000 ÷ 875,000 EP).** Economic factors and actual 2000-01 EP will affect this number. Be as conservative or optimistic as you choose.

2001-02 Fair Share Payment Projection

The 2001-02 budget reflects projected Fair Share revenue at \$23,835,000. However, this represents a 1.09% increase over the likely \$23,574,000 revenue for FY01 (described in the earlier paragraph). Therefore, a more conservative projection of FY02 Fair Share revenue is \$23,692,000 (\$23,574,000 x 1.005). The 2001-02 payment average daily attendance (ADA) for Fair Share was earlier estimated at 867,000. The revised payment ADA estimate is 860,000. **The revised 2001-02 estimated Fair Share payment is \$27.55 per average daily attendance (\$23,692,000 ÷ 860,000 ADA).** Economic factors and actual 2000-01 ADA will affect this number. Be as conservative or optimistic as you choose.

2000-01 Annual Secretary of the Board Report

The 2000-01 Annual Secretary of the Board Report (ASBR) will no longer be available by program diskette or download from the Internet. A new reporting format is under development that will allow the collection of ASBR data through several Internet web pages designed along the lines of the existing PC ASBR program data entry pages with which school districts are familiar. A district will have two options for entering data on the web screens. One option allows the district to transmit the ASBR .txt files through the file transfer protocol (FTP) process to DESE. This requires the district's accounting program vendor to modify its existing end-of-year program to create the required .txt files for use in the FTP process. All vendors who have indicated to DESE an interest in creating the appropriate files for the ASBR have been provided the new ASBR file specifications. **The district may want to contact its vendor to see if the vendor is modifying the end-of year reporting**

program so that the district can use the FTP process. If the vendor does not modify the end-of-year file structure for reporting on the ASBR, the district will be limited to option two which is hand entering the 2000-01 ASBR.

August 15th is the required submission date for the 2000-01 ASBR. Do not wait until the last minute to work on the ASBR for submission to DESE. The district may FTP or hand key ASBR data anytime after the web program is released for district use. The planned release date is the last week in June. **Placing data on the web site does not constitute an official submission meeting the August 15th deadline.** Placing the data on the various web pages will allow the district to edit the data, making changes as necessary. A major change in the web format revolves around the edit process. Over 200 warnings and errors have been written in the program to identify potential data problems. The 2000-01 ASBR may be “submitted” with warnings. It cannot be “submitted” with errors. All errors must be corrected before the system will accept a “submission”. Errors generally involve specific data that have been provided the district such as transfer amounts. Other errors that require correction are column and line total errors between the various parts of the report. As previously stated, do not wait until the submission deadline to start on the report.

2000-01 Audit Schedule of Selected Statistics

Enclosed is a copy of the 2000-01 Schedule of Selected Statistics that the district’s auditor is to provide in the 2000-01 audit report. The district should keep this copy as a reference when it reviews the 2000-01 audit report prior to submitting the audit report to DESE. The district is encouraged to compare the information the auditor reported on this Schedule to the data the district submitted on Core Data, the Annual Secretary of the Board Report, or other reports and resolve any differences prior to submitting the audit report to School Finance.

A few items have been added to the schedule for the 2000-01 audits. The first item added is item 6.I. on whether the district used state-funded grant monies to supplant existing salaries. Districts are not allowed to do this per state grant guidelines. Questions relating to this item should be directed to Rusty Rosenkoetter at (573) 751-9094.

Section 7 has been added and includes four items relating to the Missouri School Improvement Program. Questions regarding these items should be directed to Tom Ogle at (573) 751-9060.

2000-01 Budget Revisions

As the district completes the 2000-01 fiscal year, the district’s budget should be reviewed and compared with actual expenditures. In reviewing district audit reports, auditors frequently cite budgets not in conformance with Chapter 67, RSMo. This generally involves a district’s actual expenditures exceeding the budgeted expenditures for one or more funds. Other times a district’s budget reflects more in expenditures than the beginning balance plus anticipated revenues (budgeted for a negative fund balance). Both of these situations are in violation of the budgetary requirements in Chapter 67, RSMo. *If the actual expenditures in a fund are expected to exceed the amount budgeted for that fund, the law requires that the budget be amended to increase the budgeted expenditure amount for that fund to equal or exceed the actual expenditure.* This type of amendment should be approved by the board before the expenditures that exceed the budget are approved. **Please note that this does not mean the district must amend the budget to reflect actual expenditures in all categories. Amending the district budget to actual expenditures limits the usefulness of the budget as a financial planning tool in future years.** Individual expenditure categories may be in excess of budgeted amounts, but the total expenditures by fund are not to exceed the budgeted amount.

If not currently doing so, the district might consider preparing quarterly comparisons of budget to actual reports as part of its financial oversight. This would assist in identifying potential problem areas and facilitate amendment of the budget document on a timely basis.

2001 Legislation Update

The 2001 regular session of the Missouri General Assembly will end May 18, 2001. A review of bills passed this session will be provided at a later date. The education bills that have passed to date are:

- * HB 274 (signed by the Governor on May 11, 2001) – inclement weather exceptions for the 2000-01 school year
- * HB 725 – permits a one time transfer from the Incidental Fund to the Capital Projects Fund when a district experiences a 20% increase in one year in assessed valuation due to construction of a power plant
- * HB 865 – revises the public reporting of information by school districts
- * SB 303 – allows direct least purchase agreements with vendors for apparatus, equipment, and furnishings for its schools by school districts
- * SB 353 – eliminates the 5-year sunset of the calculated levy and revises the voluntary rollback provision
- * SB 543 – revises the transfer calculation from the Incidental Fund to the Capital Projects Fund
- * SB 575 – revises the public reporting of information by school districts

Final summaries and the full text of some of these “truly agreed to and finally passed” bills are not yet available. The final information should be available soon on the House web site at <http://www.house.state.mo.us/> or the Senate web site at <http://www.senate.state.mo.us/>. All bills, upon the Governor’s signature, become effective on August 28, 2001, unless the bill contains an emergency clause. HB 274 contains an emergency clause and became effective May 11, 2001 when it was signed by the Governor.

2001-02 Placement of Transportation Revenue

No transportation revenue may be recorded as a receipt in the Capital Projects Fund in the 2001-02 fiscal year. This option was available for FY99, FY00, and FY01 based on the increase in transportation funding. No increase in transportation funding was approved for FY02.

Internet Browser for DESE WEB Applications

Beginning July 1, 2001, the Department of Elementary and Secondary Education will adopt Internet Explorer (from Microsoft) as the Web browser that is required for school districts and other users to access DESE’s online application system. The Department is expanding its use of online programs for grant applications, financial reporting, Core Data reporting, and other purposes. The use of Internet Explorer (version 5.0 or higher) will allow school district personnel and DESE staff to take advantage of the greater functionality provided by Internet Explorer.

This change does NOT mean that all school district computers must have Internet Explorer 5.0 or higher. However, any school district computer that is used to access DESE’s online business applications must have Internet Explorer 5.0 or higher, in order for the system to function as developed after July 1. The Department will continue to support the use of Internet Explorer and Netscape, after July 1, for those who use DESE’s public Web site (www.dese.state.mo.us).

If your school participates in the MOREnet/DESE Technology Network Project, you may want to contact one of your district’s technology coordinators for more information about Internet Explorer. This program may also be downloaded at no cost at:

<http://www.microsoft.com/WINDOWS/IE/DEFAULT.HTM>

DESE’s online business applications may be accessed at:

<http://k12apps.dese.state.mo.us/webapps/logon.asp>

This is the secure access point to DESE’s online system. School district personnel must register and have a password in order to access various online application/reporting programs.

If you need additional information or have questions, please contact the Department at: webreplyafsit@mail.dese.state.mo.us

State Assessed Railroad & Utility Calculation

Two Excel spreadsheet calculations have been added to the School Finance WEB page:
<http://www.dese.state.mo.us/divadm/finance/index.html>

These spreadsheets may be found by clicking on the button called "Finance Tools". One spreadsheet is designed to help counties apportion the state assessed railroad & utility revenue by fund and is constructed following the format of the DESE provided pamphlet entitled *A School Administrator's Guide to the DISTRIBUTION OF SCHOOL MONEY FROM STATE-ASSESSED RAILROADS & UTILITIES*. The second spreadsheet is provided for school districts to use when estimating the amount used on the SAO Form A, Line 19, *Estimated Current Year Revenue from State Assessed Property (before reductions)* to calculate the district's tax rate ceiling. School districts will need to acquire anticipated new year tax levy information from all districts in the county in order to use this calculation. These financial tools are provided to help district and county staff work through the various state assessed calculations. Use of these tools does not reduce the district or county responsibility to ensure the accuracy of the individual calculations.

Enrollment, Membership, and Attendance Reporting for Students Attending Districts Outside Their District of Residence

District Paid Tuition - When the district of residence pays another district full tuition, the district of residence (domicile district) will report membership and attendance but not enrollment for that student. The district receiving the tuition and educating the student will report non-resident enrollment only for that student. Such students are reported as Resident II students by the district of residence. The district educating the student must provide attendance and membership data to the district of residence. The district of residence receives the state aid on this student and uses the state aid in paying the tuition.

Parent Paid Tuition - When a parent pays tuition for a student to attend another district, the district of residence (domicile district) will not report enrollment, membership or attendance for the student. The district receiving the tuition from the parent and educating the student will report non-resident enrollment only. Neither district will receive state aid on this student.

Local Effort - When a district pays local effort only (as opposed to full tuition) to another district for a student attending that district, the district paying the local effort will not report enrollment, membership or attendance for that student. The district receiving the local effort payment and educating the student will report enrollment, membership and attendance hours as a resident student. The district educating the student receives state aid for this student.

Cash Management for Federal Funds - Reminder

The Department of Elementary and Secondary Education is required by the federal government to inform its subgrantees of certain cash management requirements. The Department is to ensure that the district minimizes the time elapsing between the receipt of federal funds and the disbursement of those funds.

At the state level, there is a maximum of three days between receipt of federal funds and the distribution of those funds to the school districts. At the district level, however, the Department recommends that the time between receipt and expenditure of funds be as small as possible. If the district does not ensure that federal funds are managed in this fashion the district could be subject to an audit exception by the district's independent auditor, which could result in interest due back to the federal government.

Questions concerning this issue may be discussed with the district's independent auditor.

School Finance & Transportation Monthly Mailing

For several years, the monthly financial information and memo have been mailed as well as posted to the School Finance and Transportation web pages. The option of discontinuing these mailings is being considered. DESE staff responsible for various payments will be reviewing our payment mailing practices as well as how DESE can meet the needs of its customers and reduce costs. Advance notice on the elimination of mailings will be provided. If you are not already accessing some of the information through the web, you may want to explore the School Finance and Transportation data available at these sites:
<http://www.dese.state.mo.us/divadm/finance/> and <http://www.dese.state.mo.us/divadm/trans/index.html>.

School Governance

Fourth Cycle QZAB Application Reminder

Fourth cycle Qualified Zone Academy Bond applications are due in the School Governance office by 4:00 p.m., Friday, June 22, 2001. The QZAB application and related materials were enclosed with the February 16, 2001, School Finance letter.

Minimum Requirements for School Bus Chassis and Body

The recommended 2002 *Minimum Standards for School Buses* can be found on the department's transportation web page. The specifications will apply to school buses with a body tag "build date" after June 30, 2002. Please feel free to download and copy the recommended 2002 *Minimum Standards for School Buses*.

The amended rule was published in the *Missouri Register* on May 1, 2001. Anyone may file a statement in support of or in opposition to the proposed amendment with the Department of Elementary and Secondary Education by writing Gary Dixon, Director of School Governance, P.O. Box 480, Jefferson City, MO 65102. To be considered, the comments must be received between May 1 and May 31, 2001.

Resources to Improve Indoor Air Quality in Schools Released

The US Environmental Protection Agency (EPA) recently developed a fact sheet that links student performance and indoor air quality (IAQ). Poor IAQ in schools can contribute to health effects that distract students from learning and lead to sick days for students and staff. The Indoor Air Quality Tools for Schools Kit and Program, developed by EPA's Indoor Environments Division, provides schools with free information and resources to address and improve IAQ.

Students must have a healthy school environment to learn and perform to their full potential. Continued exposure to poor IAQ can result in asthma episodes, allergic reactions, headaches, nausea, etc., which can drain children's physical and mental resources and ultimately affect their performance. In fact, recent data suggest that poor IAQ can reduce a person's ability to perform specific mental tasks requiring concentration, calculation, or memory.

Poor IAQ in schools often occurs due to a failure to follow simple practices that help create and maintain a healthy indoor environment. Schools should be designed, constructed, and maintained to minimize and control sources of indoor air pollution. Examples include providing adequate ventilation to classrooms, monitoring temperature and humidity levels, controlling moisture and water problems to prevent mold growth, and addressing pest problems.

The US EPA's Indoor Air Quality Tools for Schools Kit provides voluntary guidance for low-cost solutions to IAQ issues in schools. The IAQ TfS Kit is free to schools and school districts. You can learn more about and order the Kit online at www.epa.gov/iaq/schools or by calling IAQ INFO at 1-800-438-4318. Information on Tools for Schools can also be obtained from Susan Thomas with the Missouri Department of Health by calling 573-526-4911. Information in this article came from *CHIEFLINE*, an e-mail newsletter of the Council of Chief State School Officers.